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TAXES AND THE TICKER

By HARRY SERWER

SAM is now racing past seventy-five, the last forty-five years spent in serene retirement. His wife tried to get him to quit at twenty-seven, because he had already amassed $90,000 in the real estate field and was known on our street as "the kid millionaire". "You work too hard", she said. "You take dangerous chances laying down big deposits. You run around in a sweat. Quit! Put the money in 6 per cent bonds and we'll have $90 a week and go to the country for three months every summer — who besides Rockefeller and Morgan makes $90 a week?"

But Sam was no fool. He had five children; he was a devout Jew and had been married off in his 'teens. "Maybe there will be a war and God only knows what happens to the money. With the new subway and the people running away from the East Side there must be a Harlem boom, and I'm gonna get in and out before it busts up."

Three years later he retired with $5,000,000. He put it all in first and second mortgages. "See, Molly", he said, "now nothing can happen unless the country goes to hell; and if it does, what's the difference whether we got $50,000,000 or $50." Sam could pile up a nest egg in those days, because his Washington namesake had not yet declared himself in.

I assure you this is a true story. We lived in the house that Sam bought because no landlord would rent him an apartment, what with five kids and another coming.

NOW, LET'S go to Joe; he started looking at life some years after Sam. He had a big business before the Depression hit the country. He boasted he had two Rolls Royces and "I ride between them." He thought that was funny, and well he could afford to; for he had an estate in Rye and three in help. Then, in 1930, his inventory value melted like butter in a pan. But he had looked up previous depressions and he was sure this one wouldn't last out the year.

In 1933 he called in his accountant and learned that liquidation of his assets would give him a residue of $350,000. "Okay", he said, "I'll quit and put the money into 5

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per cent gilt edge bonds. Now that I sold the house my expenses are 'way down. I'll do alright on $350 a week — less the little for taxes; and taxes will go down because Roosevelt got elected on the promise that he would do away with Hoover's extravagant spending."

Joe *knew* he was okey-dokey because steak was selling for 29 cents, generously trimmed; butter was about 25 cents; and vegetables were his for the picking. He just couldn't imagine any change that $350 a week couldn't cure. And was he glad he had quit! Especially after the doctor told him his heart wasn't bad — "but it isn't good either. Take it easy, Joe. Spend the winters in Florida where it's warm. Your aorta won't take the damp chill of New York winters. Go slow from here in and I guarantee you'll hit four score."

Then Joe learned that a politician's promise is no better than a street shill's; for when Roosevelt got into his spending stride he made Hoover's experiment look like a bag of jelly beans. The successively larger tax slices off Joe's hide began to hurt. And then came the mirror trick called manipulated money. Larger budgets, in a free economy, were hitherto tied in with tight money. But Roosevelt laughed that off: he had a warehouse full of mirrors. And Joe woke up one day to find his slightly tarnished bonds averaging a trifle over three per cent while the price of food began to rocket because the city Peters were being robbed to pay the rustic Pauls.

When a couple of sick chickens made a dead duck of the NRA, Roosevelt went berserk and thought up that great gazoo known as Lend-Lease. Joe's income shrank again. He took a job. A pretty good job, too: salesmanager of a fast-hopping concern at $25,000 a year. Joe gloated, "That should do it! Add the 10 grand my bond income is down to, and I ought to do alright with $35,000 a year." So he went back to living "half-right", because he wanted his wife and kid to have some of the things they were used to before the depression had knocked him out of business. He was earning the dough — doing a full day's work and putting his long experience to the interest of his boss, who had signed on the dotted line for a five-year period.

The doctor didn't like it. "Are you nuts? Quit — before you keel over. Do you want to die without being even the richest guy in the cemetery?" Joe said, "I'll quit; but first let me get that five years under my belt; because the way I'm living I can put 15 grand in the sock every year, and with my bonuses I ought to have another 100 grand at the end of my contract."

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It looked good on paper, but Roosevelt scrapped it, and when the war came Joe was putting *more* than 15 grand away — right into Uncle Sam's treasury. The Florida trips were cut down to three weeks and were costing $50 a day for the small family instead of the $100 a week he paid when he first quit; and for the rest of the winters he took nitroglycerin instead of Gulf Stream sun baths. One day the doctor said, "The ticker is getting worse — quit!" But Joe couldn't quit; what with black markets adding to the cost of living and the landlord asking for a 50% increase, despite rent control, and the steadily larger tax take, and the War Board's thumbs down on a raise, and bonds paying less as budgets hovered around the $100 billion mark.

So Joe signed another five-year contract, and the war ended, and two years later the soft goods business began to drop, and that was Joe's field. So he was out in the street, knocking on doors, and scratching for business, and yelling at the salesmen, and running into the men's room to take a nitroglycerin pill so nobody would see in his eyes and grimace the unbearable pain constricting his chest. And so he kept beating his brains out despite his supposed $350,000 in bonds.

Joe hated to go to the doctor because he couldn't bear that "Quit!" business. But on his next visit, the doctor took the stethoscope out of his ears and asked: "When is your contract up?" Joe said, "The end of this year, why?" That was in 1951. "Joe", the doctor warned, "if you want to live any longer, don't sign another one."

Joe called in his old accountant and had him go over his affairs. He now had less than $300,000, because he had been digging into his own dough over the past five years. He just *couldn't* quit, so he signed another contract and crossed his fingers. This spring his wife found Joe cold and stiff in bed.

THERE ARE a lot of Joes who had retired in the Thirties. My friend Emil had tried it with 200,000 bucks. He thought he could do it because he was never a Good-time Charlie. He split the dough up between the stock market and bonds. It worked out alright for a few years; and then he was caught in the swivel. He wasn't mad at Roosevelt because he believed in the Good Life. He believed in Tax and Spend, and subsidies for the farmers, and money for our Good Allies. But he also was steadily shelling out more than he took in. So he went back into his old soft goods business; and in the first two years he dropped a third of his savings. Then he made a deal where the other guy put in the dough and Emil did all the work, and they were to split the profits fifty-fifty.

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But there were no profits, and the cut he took in the weekly draw forced him to dig again into his nest egg. Now it is down to less than half of the original; and he is plodding along trying to get out from under each new inventory gamble; and it ain't working out so good. Emil looks flabby. He has bags under his eyes, and food doesn't stay on the stomach; and I hear he now pays his taxes out of the sock. Also he finds it harder to get out of bed and moans what a fool he was for getting back into business when all he had to do was buy a small farm in the mountains where the overhead would have been small.

And Bob was in the same fix, making over 30 grand a year; and as nice and honest a guy as I ever met. His heart had gone back on him in his early sixties; but he kept on the job because his $250,000 was nothing to retire on, since federal taxes alone were taking nearly half of his salary. He had children and grandchildren, and a few poor relatives who were knicking him. He would figure it out on paper for you — he knew how to figure — and he would prove that if he lived another 10 years without working he couldn't possibly have more than half of the money to leave his family; but if he kept working and split the salary with the Treasury his original 250 grand would be intact. It was a mill race during which he had a few close calls.

But he was a man of great honor, and he knew that he couldn't be replaced very easily; for his was a rare and specialized talent which had made money for the firm, and the latter and Uncle Bungle in Washington were very grateful.

Things got pretty bad for Bob late in 1951. He was breathing hard; he had to give up smoking and drinking; he came in half days because the strict diet weakened him. To conserve his energy he took taxis from and to the house. So he quit at the end of the year and they gave him a party. He made grand plans, he was going to California and Canada and Mexico — and maybe he'd even take himself a trip to Europe. But he was dead in less than three months; and everybody said he was a grand guy and a loyal worker; and even his bootblack and old ex-maids came to the funeral parlor and cried.

THERE IS SOMETHING cockeyed about an economic system which forces thousands of Joes and Emils back into the harness after they have honorably earned their retirement. The sick ones are certainly doomed. The healthy ones won't stay healthy very long. Meanwhile, the unions get more and more dough out of management's pocket for their own retirement funds, and in the end it must come out of Joe's pocket.

No wonder our younger generation is hopping the bureaucratic bandwagon with an obscene whoop. Why work? Why save?

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HUMAN EVENTS

FRANK C. HANIGHEN, *Editor* — FRANK CHODOROV, *Associate Editor*

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The Fight Has Just Begun: Our man won. But, did *we* win? Will our taxes be less under the new regime? Will conscription of our sons cease? Will the futile attempts to control our economy from Washington be abandoned? Will the government of Eisenhower permit us to work out our destiny in our own several ways, or will it, like its immediate predecessors, harass us with regulations, controls, interventions — for "our own good"?

The answers to these questions are in our hearts. If we want freedom, and say so out loud and regularly, the Eisenhower government will restore it to us. Perhaps reluctantly, because no political regime ever gives up power; it does not assume authority for the purpose of abdicating. But, a new Administration, before it solidifies its position, is more amenable to the temper of the people. If we let it know in unmistakable language that we want it to mind its own business, which is the protection of life, liberty and property, and let us mind our own, it is possible that we will have won the election. On the other hand, if we continue our habit of pleading for handouts, privileges and subventions, we will get what we want; and we will pay, as always, with heavy overdrafts on our freedom.

What we who put freedom above everything have won in this election is merely an opportunity. We have a chance to succeed. It is our duty to ourselves, and to our children, to fight harder than ever. But to do so effectively, we must see clearly what has happened.

Outline of Victory: It was a nationalist not internationalist victory, in the opinion of many observers in Washington on this morning after. Certainly, the internationalist press puts out a very labored thesis that they won, in view of the obvious impact of Ike's "I will go to Korea" plea which — few will disagree — must have had a major part in bringing his triumph. Those voters who responded to this Eisenhower promise could hardly have been obsesssed by a desire to keep American boys in the embattled little peninsula. Maybe these people weren't "isolationist", but they could hardly be described as "one-worlders".

But, it is reasonable to assume, the Korea issue was a part of the foreign policy, of which "Communism" was a big compelling motive among voters. And this was the field that Senator Joe McCarthy furrowed, and sowed. Only fanatics and bigots can now deny that his harvest was big.

Here emerged one of the big shifts without which Eisenhower could not have scored his success — the striking and historic migration of Catholic votes in large numbers from the Democratic to the Republican side. This migration was forecasted by that percipient analyst Samuel Lubell in his book *The Future of American Politics*, published last spring, and noted in confirmation by the same author during the past twenty-four hours. This is a fact of enormous importance not only for the election but also for the future, and cannot be too often repeated. Those familiar with the history of American politics of the past three decades consider the shift of Massachusetts and Rhode Island from the Democratic to the Republican column this year as impressive — and thought-provoking — as the 1928 shift of those two states (both heavily Catholic) from the GOP to the Democrats. They have stayed Democratic over 25 years — until this week.

But who was the decisive catalyst of this shift? Senator McCarthy. This morning we phoned our contributor in Cambridge, Mass., Mr. William Henry Chamberlin, who has been writing on the election

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for the *Wall Street Journal*. Chamberlin said, "McCarthy's support for Ike unmistakably paid off for the General among the Catholic populations of Massachusetts, Rhode Island and Connecticut."

Chamberlin emphasized the significance of the defeat of internationalist Senator Lodge by Representative John F. Kennedy, Democrat and "moderate nationalist". The internationalist press will have a difficult time laughing off this particular outcome. If they are wise, they will have to recognize that Catholics — too long designated as "internationalist" — are by and large really "nationalist" (certainly the predominant Irish are) in the sense that they place foremost American interests in any part of the world.

Part of this nationalist support for Ike, swung to him by McCarthy, was the vote of people of German stock (most of them Protestants). Mr. Lubell today said that two good sample counties — one in Wisconsin and one in Ohio — indicated that this German-American vote had shifted since 1948 to the GOP column.

True, McCarthy in his own campaign, while a big winner, won less of a majority in his state than Ike. But Wisconsin sources offer this explanation: (1) McCarthy, instead of campaigning at home, covered the country helping other Republicans, including Ike; and (2) Ike probably got the support of many of the old LaFollette Progressives, whom McCarthy (who defeated LaFollette in '46) would hardly get—quite the contrary.

And Jenner in Indiana? The Senator did trail Ike in the winning. But, it is too little realized that he faced a formidable adversary, a man who had been the most popular Democratic Governor in many years — a man who, also, cleverly played up to conservative Hoosier attitudes.

Break in The South: Ike has, with seeming miraculousness, taken four states in the traditionally Democratic South, the first time a GOP candidate has successfully invaded that region since Hoover's victory in 1928. His popular showing in the same areas has been even more impressive.

On the morrow of the election, observers versed in the tangled history of Southern politics during this year commented that, if the Republicans had managed it better, they should have taken the whole South. The Republican failure (and also the failure of the Southern conservative leaders) to push effectively for eventual realignment in the past year prevented the sweep from flooding all states south of the Mason and Dixon Line.

But the real revolt of the South this year remains only partially recognized for the following reasons:

(1) The Republican gains made Tuesday down there were made not by Republicans, but by insurgent Democrats. The various electoral and "independent" slates confused the real picture.

(2) The popular vote suggests that more Dixie states would have gone in the GOP electoral column, if it had not been for the stubborn, age-old power of the "rooster", the Democratic Party label.

(3) But one of the biggest contributions to Ike's majorities in the North came, surprisingly enough, from a vote which has been underplayed in political reporting — the estimated one million white Southerners who have migrated to northern states in the past twenty-five years (particularly in Ohio, Michigan, Indiana, Illinois and New York). These people have remained Democrat. They switched over to Ike, it is believed, as a result of the tremendous influence exerted on them by Senator Harry Byrd and Governor James F. Byrnes. Byrd opposed Stevenson, Byrnes came out flatly for Ike.

What swayed the South towards Eisenhower? Not only Ike's stand on tidelands and FEPC, but the fact that the South generally has been against "Trumanism". Anti-Trumanism was transmuted into pro-

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Ike sentiment. They voted for Ike, because they looked on Stevenson as Truman-in-disguise. Basically, the South revolted because it is anti-New Deal and anti-Fair Deal. And, despite misapprehensions to the contrary, the South is not internationalist. In view of the intense patriotism of the South, it could not be. It is nationalist, much as the Northern Catholic vote, because it believes our foreign policy should be conducted primarily to look after U.S. interests, wherever these interests may be around the globe. It is free from the New Deal missionary complex. Senator Harry Byrd, the most respected Southern leader, has shown this attitude clearly in recent years.

While the General did not need the Southern votes to win, as it turned out, the Southern break holds promise of great value to the success of the new regime. For, as the cards now lie in Congress, Southern receptiveness to the General offers the best way out of the inevitable difficulties which will bestrew his path after inauguration.

Eisenhower's biggest problem (as, indeed, it always is with any executive), is the handling of Congress. Few, even in the exultation of victory, will dispute that. But it is now clear that the overwhelming Eisenhower victory did not bring in its wake an overwhelming GOP victory on Capitol Hill. The division is close — too close for comfort. If Congressional GOP conservatives have the courage to act boldly and imaginatively, they will ensure a conservative Congress by starting realignment on Capitol Hill at the outset. Joint organization of the two houses by conservatives of the two parties will eliminate this highly uncomfortable, perhaps unmanageable, division and establish a strong majority — able to collaborate with the President — in a smoothly functioning Federal Government.

Foundations: During the course of the campaign, Capitol Hill gossiped much about the progress of work of one of its most interesting special committees. This is a group started by Representative Eugene Cox of Georgia and is authorized to ascertain which tax-free foundations are using their resources for "un-American and subversive activities and for purposes not in the interest or traditions of the United States". On the Hill there are rumors that the directors of a number of famous foundations are intensely worried about the record of grants to Communists and fellow-travellers.

What are these foundations, now under scrutiny? Mr. William Fulton in an article in the American Legion monthly, entitled "Let's Look at Our Foundations", gives an excellent and comprehensive survey of these bodies and the way millions of dollars left by such famous capitalists as Ford, Carnegie, Rockefeller and Rosenwald have gone astray into strange hands, via the channel of tax-free institutions. With profuse details and documentation, the article follows the trail of notorious subversives through the roster of the largest foundations in the country.

"Herein lies", Mr. Fulton says in the conclusion of his piece, "a tragically incongruous situation. Parents of some GI's in Korea have great difficulty scraping together enough cash to pay their income taxes with which to fight Communism abroad. At the same time, a foundation is allowed with impunity to parcel out tax-free funds by the millions to sources bent on spreading the doctrines of the Kremlin in this country."

The Fulton article has been reprinted and distributed by the Guardians of American Education, Room 117, 225 Fifth Avenue, New York 10, N. Y.

Nazis and Communists: Beneath the outcropping of neo-Nazism in Western Germany lie Communist roots, according to Dr. John B. Crane, who writes a column for American newspapers from Frankfurt. Crane (whose reports we have had occasion to praise in the past) probes deeper than many American correspondents in Germany who seem to think that Nazism is *sui generis* and specifically a German disease.

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Crane notes that the West German Federal Court — investigating whether the Socialist Reichs Party, the neo-Nazi party, is really a continuation of the old Nazi Party, and hence illegal — has declared it has evidence to prove this Nazi party is tied with the Communist Party of East Germany.

"If the Court can substantiate its assertion", says Crane, "it will demonstrate something which I have long suspected about the relation between Communism and Nazism. In fact, I have some evidence in my possession which tends to prove this relationship."

Crane relates how, when it was outlawed by Hitler in 1933, the German Communist Party went underground, and these underground Reds proceeded to infiltrate the Nazi Party. "One of the tactics after joining the Nazis was to out-Nazi the Nazis in violence and brutality. Some of the worst excesses against the Jews and Poles were committed by Nazis who were in reality secret Communist agents. The purpose behind the crimes of these secret Nazi-Communists was to blame the crimes on the Nazis and thus alienate other countries which had been friendly to Germany up to that time. While the Nazis were blamed exclusively for the horrible crimes against the Jews, Poles and Czechs, many of these unspeakable acts should have been charged to Communists posing as Nazis."

Between Covers: An excellent piece of rebuttal and documentation is a pamphlet just issued entitled "State Department — Half Truths and False Assurances Regarding the UN Charter, Genocide Convention and Proposed Convention on Human Rights", by the Honorable Frank E. Holman, Past President of the American Bar Association. Mr. Holman has made many speeches devoted to the subject of impingement of UN pretensions on our constitutional system, and now offers this detailed essay, which runs to 67 pages. The pamphlet is in answer to a State Department bulletin issued in June, 1952.

In his foreword, Mr. Holman says: "Having devoted more than four years to a study of the questions involved, I have prepared and am publishing this pamphlet in order that the public may have in convenient form a full exposé of this latest State Department effort to fool the American people. This action of the State Department in pretending to issue an informative bulletin, but actually issuing a leaflet full of half truths and false assurances, should not only be exposed to the public but should be condemned by the Congress as a misuse of public funds."

Education Front: The Council of State Chambers of Commerce (1722 H Street, N.W., Washington 6, D. C.) has issued a fine bulletin describing "the progress of the Socialist program in the United States". After tracing the dismal trail of the Government's increasing control of industry, trade, agriculture, etc., the bulletin notes that much less "progress" has been achieved in the field of Government control of education — largely because of resistance in Congress. "A succession of Congresses has proved extremely reluctant to pass laws opening the door to Federal invasion of the field of education. Repeated attempts to attain passage of bills providing Federal grants-in-aid for public school education have failed, although measures giving some aid to school districts in selected defense areas have gotten by. Bills to set up a permanent plan to subsidize college students have also failed of passage. This is a definite setback to the socialist movement."

The Council, in emphasizing the importance of this setback to socialism, cites the opinion of the British writer, Harold J. Laski (whom the Council calls "British godfather of present day American socialism"). Laski described grants-in-aid to the states, particularly aid for education, as fundamental to the attainment of socialism in this country.

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